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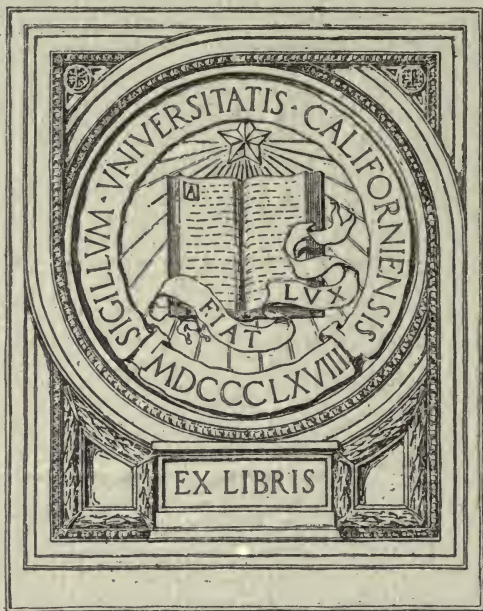
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Mission Accounting

For use in the Missions of
the Board of Foreign Mis-
sions of the Presbyterian
Church in the U. S. A.



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Mission Accounting

FOR USE IN THE
MISSIONS

OF

THE BOARD OF FOREIGN MISSIONS
OF THE
PRESBYTERIAN CHURCH
IN THE U. S. A.

BY

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UNIV. OF
CALIFORNIA

156 FIFTH AVENUE
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INTRODUCTORY

In this booklet the principles of all sound bookkeeping and accounting have been adapted to the system employed by the Foreign Board of the Presbyterian Church, U. S. A., in the conduct of its work. The term "Appropriation", for instance, has an arbitrary and a technical significance, and the methods which long experience has shown to be the best for this particular work are herein illustrated.

It has been possible to omit a great deal which would need to be included in any treatise on mercantile accounting such as a "Goods Account", "Profit and Loss Account", and even a "Balance Sheet".

The attempt has been made to render assistance to beginners in this department of the work by setting forth its technicalities simply and logically and it will be necessary to master each item as it comes if the succeeding steps are to be understood and the study made easy.

DWIGHT H. DAY, *Treasurer*

THE BOARD OF FOREIGN MISSIONS OF THE
PRESBYTERIAN CHURCH IN THE U. S. A.

156 FIFTH AVENUE, NEW YORK CITY

January 1, 1915.

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CHAPTER I.

FUNDAMENTAL PRINCIPLES

Bookkeeping, or Accounting, is the art of recording financial (or mercantile) transactions in a systematic manner so that accurate results may be readily obtained.

The Mission Treasurer, from his books, must be able to answer the following questions at any time:

(1) What part of any Appropriation for this field has already been expended, and what amount is still available?

(2) What amounts do I, as Treasurer, owe, and what amounts, if any, are owed to me?

(3) What funds have I, as Treasurer, received, from what sources and for what have these funds been used?

(4) What amounts do I have on hand of the following: Cash ——— in cash-box and at Bank? Bills of Exchange?

(5) What Certificates of Credit have I sold?

(6) What New York Money Orders have I paid?

ACCOUNTS—DEBTOR AND CREDITOR

All the Accounts needed for showing the results required are kept in a book called a *Ledger*.

An *Account* in the Ledger is kept in such a way as to show on one side the value of what is received and on the opposite side, the value of what is given. In this way, one

NOTE: The answers to the above questions are not nearly so comprehensive as those required in Mercantile Accounting, which are the following:

(1) What do I owe and what is owed to me?

(2) What profit or loss have I made for a given period?

(3) What is my business capital, and of what does it consist?

side being "set off" or "balanced" against the other, an account readily shows at any time the difference between what has been received and what has been given.

MEANING OF THE TERMS DEBTOR AND CREDITOR

The left-hand side of an account is always the Debtor side; the right-hand side is the Creditor side.

Items on the Dr. side are preceded by the word "To",
 — the Account having received *from* some source is *Debtor To* that source.

Items on the Cr. side are preceded by the word "By",
 — the Account having given up, or paid out, is credited with the amount *by* the person or Account to which it was paid.

EXAMPLE: A Field Treasurer receives \$1,000 in Bills of Exchange on April 25th, 1914, from the General Treasurer in New York. This amount, \$1,000, is entered on the Dr. side of *Bills of Exchange Account*. The Account is *Debtor*, not in the sense that it owes, but because of its *having received*. It may be receiving what is due it (the Board having made an Appropriation and the Bills sent out to furnish the funds), but it is still *debited*. It is debited "*To General Treasurer*", since he (his Account) *gave out* the Bills.

The name *Bills of Exchange* at the head of an Account signifies that all transactions with reference to the receipt and giving out of Bills of Exchange are here recorded.

Dr.		<i>Bills of Exchange Account</i>	Cr.	
1914				
April	25	To General Treasurer (Nos. 1 & 2 @ \$500)	\$1000	

Similarly the General Treasurer Account must be *credited* with the item, and entered "*By Bills of Exchange Account*", since the latter account was the one to *receive from* the General Treasurer.

Dr.

General Treasurer Account

Cr.

					1914				
					April 25	By Bills of Exchange (Nos. 1 & 2 @ \$500)		\$1000	

The entries made above illustrate a cardinal:

RULE I: Enter on the Debit side of an account what it receives; enter on the Credit side what it gives out.

To illustrate this again, let us go further with the same item and suppose that one of the \$500 Bills of Exchange is sold by the Field Treasurer and that full \$500 cash is realized for it.

Since Bills of Exchange Account gives out, or releases, a \$500 Bill, that Account must be credited (according to the rule) with \$500 and since Cash Account is benefited, the Bills of Exchange Account is credited "By Cash Account—\$500", as follows:

Dr.

Bills of Exchange Account

Cr.

					1914				
1914					April 25	To General Treasurer (Nos. 1 & 2 @ \$500)	\$1000	00	
					April 26	By Cash (B/E No. 1 \$500)		\$500	00

Similarly, since Cash Account receives \$500 cash (from the sale of the Bill), Cash Account must be debited "To Bills of Exchange Account (B/E No. 1 @ \$500)——\$500" as follows:

Dr.

Cash Account

Cr.

1914									
April 26		To Bills of Ex. A/C (No. 1 @ \$500)	\$500	00					

Suppose, now, the Field Treasurer pays out \$200 cash, for labor on Residence No. 4, which is being erected on the

compound. Since Cash Account pays out the \$200, that Account must be credited "By Residence No. 4.....\$200", as follows:

Dr.		Cash Account				Cr.	
1914						1914	
April	26	To Bills of Ex. A/C (No. 1 @ \$500)	\$500	00	April	27	By Res. No. 4 (labor) \$200 00

But Residence No. 4 has received the \$200. That is, the building has received the benefit of the labor, for which \$200 was paid. Therefore, (according to the rule) Residence No. 4 Account must be debited with the item; and since cash was paid, it is debtor "To Cash Account" as follows:

Dr.		Residence No. 4 Account				Cr.	
1914							
April	27	To Cash A/C (labor)	\$200	00			

All the entries made prove the following:

RULE II: Every debit entry must have a corresponding credit entry or entries, and every credit entry must have a corresponding debit entry or entries.

DOUBLE ENTRY

There can be no *giver* without a *receiver*. Therefore, every transaction affects two Accounts, one of which is supposed to be the giver, the other the receiver. The giving Account has the item entered as a credit; the receiving Account has the item entered as a debit. And each Account must contain the name of the other Account in the entry. Confirm this by examining again the illustrations thus far given.

All Accounts are kept in a Ledger, and every transaction affects two Accounts therein. This system of book-keeping is called *Double Entry*.

To further emphasize this Rule: If an entry is made on the Cr. side of an Account in the Ledger there must always be found a debit entry or entries totaling the same amount in another Account or Accounts, and vice versa. One class of Accounts is a check upon the other; one Account is the giver (Creditor); another is the receiver (Debtor). Two Accounts (at least) are affected by every transaction, and there is no exception.

The two sides of the Ledger, therefore, must always agree. That is, the total of all the debits in the Ledger must equal the total of all the credits.

Example of one credit entry and two debit entries which correspond. Suppose a Field Treasurer pays out \$200 in cash, \$100 of which pays for lumber for Residence No. 4, and \$100 for lumber for Residence No. 5. Three Accounts would be needed as follows:

Dr.		Cash Account										Cr.	
						1914							
						April 28		By Res. No. 4 and				\$200	00
								Res. No. 5					

Dr.		Residence No. 4 Account										Cr.	
						1914							
						April 28	To Cash (lumber)			\$100	00		

Dr.		Residence No. 5 Account										Cr.	
						1914							
						April 28	To Cash (lumber)			\$100	00		

The above transaction required entries to be made in three Accounts, one, a Cr. entry of \$200, and two Dr. entries of \$100 each, thus equaling in total.

Likewise there may be one Dr. entry and two corresponding Cr. entries.

Sometimes one Dr. entry will have a whole series of Cr. entries to correspond with it, and vice versa.

Note again, in the above the use of the words "By" and "To" and the naming in each Account of the corresponding Account or Accounts.

CHAPTER II.

SUGGESTIONS AND EXPLANATIONS

THE MEMORANDUM BOOK

The need for making bookkeeping entries arises out of the daily operations of the Treasurer's office. Many items are handled physically, by the Treasurer himself, or by some one acting for him. Others come to the Treasurer's notice through the mails, in official letters, statements, or notifications. In all cases the Treasurer should act in accordance with the following well-advised:

RULE III: Make an entry as soon as a transaction takes place.

For those transactions which the Treasurer himself handles, *some entry* or notation should invariably be made *at the time*. With regard to the transactions reported through the mails, these should be entered in the books without delay, if for no other reason than that dictated by "enlightened self-interest". The Treasurer will only thus forestall annoyance and possible trouble.

"*Some entry or notation*"—It will not always be possible to enter a transaction in the proper place in the books "*at the time*" the transaction takes place. Therefore the Treasurer should keep a *Waste Book*, or *Memorandum Book* in which to record these transactions initially. It will be an additional safeguard, especially to beginners where *all* transactions, including those reported in the mails, to be noted down in the Memo. Book *first*.

And note the following:

RULE IV: Always add enough explanation to each entry, to enable anyone to understand it. Sometimes it may be necessary to write details or explanations on a separate sheet of paper numbered for reference.

EXPLANATION OF TERMS

The term *Appropriation* signifies that the Board, by formal action, has granted a certain sum of money to a particular Mission or person, to be expended upon a specified work or object. It immediately establishes a credit to the amount of the sum named for the work or object.

Appropriations are divided into *Classes* for convenience, as follows:

Class I includes salaries and children's allowances of missionaries on the field.

Class II includes expenses paid by the Board, of missionaries and children, going to and from furloughs, also salaries of missionaries not on the field and children's allowances paid in the United States.

Class III includes the appropriation set aside for all expenses, including the proportion of salary paid for the balance of the first year, of new missionaries sent to the field.

Class IV covers all evangelistic work, itineration, etc.

Class V covers all educational work conducted on the field.

Class VI covers all medical work, hospitals, dispensaries, etc.

Class VII covers rents, repairs on property in the missions, etc.

Class VIII covers all appropriations for new property, buildings, etc.

Class IX covers Station and Mission expenses (Mission meeting expenses, etc.).

Class X covers Mission Presses.

The Board assumes the obligation, on behalf of the whole Church, to furnish the money which it has "appropriated". It therefore "charges" itself with the amount; it is a debit against the Board. However, the Board, as a whole, delegates its functions to officers and all Accounts of the Board are assumed by the General Treasurer. This officer then is "charged" with the official responsibility of furnishing the money which the Board has "appropriated" to any Mission or person. An "appropriation is a *debit* in the *General Treasurer Account* on the Field Treasurer's books. It stands as owed by him to the Mission until he sends funds to discharge the obligation. From time to time, as he sends funds, the General Treasurer's Account is *credited* with the amounts, and when sufficient funds have been sent to equal the amount of the appropriation, the obligation is discharged, the debit has been equalled by credits, and the Account balances.

ILLUSTRATION: Suppose that at the first of the fiscal year the Board appropriates \$10,000 for Class I (i. e. in salaries for Missionaries) for the year to a certain Mission. A formal notification to this effect is sent to the Field Treasurer. He immediately enters the item as a debit in the *General Treasurer Account* as follows:

Dr.		<i>General Treasurer Account</i>						Cr.	
1914									
April	1	To Class I Approps. (Salaries)	\$10,000	00					

Field Treasurer, as a means of transferring funds which have been appropriated by the Board for work on the field. The Field Treasurer exchanges (sells) them to local banks or merchants for cash, and on the back of the Bill orders the money to be paid to this local bank or merchant. These parties, in their turn, endorse the Bill to some other bank or merchant, and this process is repeated from one to another until the Bill reaches New York and is presented at the General Treasurer's office in order that he may finally pay it (that is, may redeem the promise he originally made in issuing it).

CREDIT AND DEBIT OF BILLS OF EXCHANGE

As stated, the General Treasurer's Account is first *debited* with an Appropriation. He then sends out Bills of Exchange to cover the Appropriation. Since he *gives out* the Bills, his Account, i. e., *General Treasurer Account* is *credited* with the amount of the Bills received by the Field Treasurer. He is *given credit* for what he sends. That is the Cr. entry.

The Dr. entry is made in the *Bills of Exchange Account* since that Account is assumed to have *received* the Bills. [See Rule I: Debit what is received.]

EMERGENCY BILLS OF EXCHANGE OR BUILDING DRAFTS

These are drawn on the General Treasurer by the Field Treasurer principally in order to realize cash for building operations, for which the Board has already made appropriations. The General Treasurer does not send out Bills of Exchange for this class of work (Class VIII) it being left to the Field Treasurer to sell Drafts or Bills as money is needed. As soon as the Field Treasurer has made out the Draft (Bill of Exchange) he credits the *General Treas-*

urer Account with the amount which he is drawing, and charges (debits) *Bills of Exchange Account* (as though this Account had just received the Draft from the General Treasurer). On selling the Draft in the market, the Field Treasurer *credits* Bills of Exchange Account (credit what goes out) and debits Cash, since cash is received in exchange for the Draft (debit what is received.)

MONTHLY STATEMENTS

At the end of each month the General Treasurer renders a Statement to the Field Treasurer showing all the debits and credits which have emerged in New York, belonging to the field in question.

For example: Supposing the General Treasurer has paid out during the month \$2.50 for magazines to be sent to A. Blake, one of the missionaries of the Korea Mission. The Statement for that month will show this \$2.50 as a *charge* against A. Blake (since the money has been paid out for him.) Of course, this item of \$2.50 is entered by the Field Treasurer as a *debit* item in the personal account of A. Blake, called *A. Blake Account*. Where is the corresponding credit entry? Note the following important

Direction: Enter on the *Creditor* side of the *General Treasurer Account* the *total debits* or *charges* contained in the monthly Statement received from the General Treasurer, making no deductions whatever, even though the Statement contains palpable errors. The corresponding *Debtor* entries will be made in each Account chargeable with the various items as indicated in the Statement. These, added together, must equal the Credit entry in the *General Treasurer Account*.

Similarly: Enter on the *Debtor* side of the *General Treasurer Account*, the *total credits* reported in the Monthly Statement received from the General Treasurer, making no

deductions whatever, even though the Statement contains palpable errors. The corresponding *Credits* must be entered in the Accounts indicated in the Statement. All these Credits added together must equal the total Debtor entry in the *General Treasurer Account*.

ERRORS IN MONTHLY STATEMENTS

Suppose the General Treasurer has included in his monthly Statement a charge against H. James of \$2.50, when the item really belonged to H. Jones of another Mission entirely.

Enter the item as a Debit in an account called *Suspense Account*. On ascertaining that it belonged to a different Mission, enter a *credit* in *Suspense Account* and a *debit* in *General Treasurer Account*.

or

If, on receiving the Statement, the item was entered against H. James (i. e., entered as a debit in his Account) and he makes it clear that it does not belong to him, then enter it likewise as a *credit* in his Account and as a debit in *General Treasurer Account*.

STATEMENTS FROM FIELD TREASURERS

The Field Treasurer must render Statements to the General Treasurer in New York quarterly.

These Statements must contain all the debit and all the credit items with full details that have emerged during the period, with reference to the *General Treasurer Account*.

FIELD MONEY ORDERS (CALLED CERTIFICATES OF CREDIT)

These are instruments of exchange, whereby funds may be transferred from the foreign field to payees in the

United States. They are similar to Postal Orders, and have the advantage of being furnished without charge by Mission Treasurers. The Missionary deposits the amount of money which he desires to send to the United States with his Field Treasurer and receives a Field Money Order, or Certificate of Credit drawn to the payee's order, in exchange.

Since *Field Money Order Account* has given out an Order, that Account must be *credited* with the item (Rule I: Credit an Account with what it *gives out*).

Since Cash was received for the Order, *Cash Account* must be debited with the item (Rule I: Debit an Account with what it *receives*).

Note that no entry is made in the personal Account of the missionary who obtains the Order.

Now it is understood that the general Treasurer in New York will pay out cash to the amount of the Order when it is properly presented for payment to him. A credit for this amount must therefore be established in the *General Treasurer Account*, and this credit duly transferred to the General Treasurer in New York. This is done as follows: When the *Statement* is made out by the Field Treasurer at the end of the quarter, he must enter a *Credit* in the *General Treasurer Account*, not only of *this* Certificate of Credit, but of *all of them* (totaled) which he has sold during the month, and must enter a *Debit* of the same amount in the *Field Money Order Account*.

This latter Account will be found to balance, the Credit column equalling the Debit column.

The quarterly *Statement* sent to the General Treasurer will contain a Credit to him, made up of all the Certificates of Credit sold by the Field Treasurer during the period covered by the Statement, and since the statements to the General Treasurer are made from the point of view of the New York Office, Credits on the Field Treasurer's Books appear on the debit side of the statement and vice versa.

NEW YORK MONEY ORDERS

These are instruments of exchange whereby funds may be transferred from the United States to payees within the Missions on the Field. The amount of money which a party in the U. S. wishes to send to a party in a Mission is deposited with the General Treasurer in New York. In return, a New York Money Order is given him, drawn to the order of the payee on the field and payable at the office of a Field Treasurer. The remitter forwards this Order to his correspondent on the field who surrenders it to the Field Treasurer in his district, receiving cash for it.

The Field Treasurer must enter the item on the Cr. side of *Cash Account* (since cash is paid out Rule Credit what is given out)—and he must enter it similarly, on the Dr. side of the Account called *New York Money Orders Account*, since the Order is *received*. (Rule Debit what is received.)

These Orders are all handled in this way through the quarter and the account is balanced at the end of the quarter by a journal entry charging the General Treasurer Account and crediting New York Money Orders Account, listing by numbers the Orders paid during the quarter.

PERSONAL ACCOUNTS

The Field Treasurer will establish Accounts for each Missionary within his district, heading each Account with the missionary's name.

A credit entry will be made each month in each of these Accounts of the amount of salary due the missionary for that month.

There will, therefore, be a series of these credit entries in the Ledger which must be balanced by a debit entry or entries. This is effected by entering each month the *total* of all these credit entries as a *debit*, in the Account called *Class I (Salaries) Appropriation Account*.

If the General Treasurer makes payments in the United States for a missionary on the field, he will report these in his *Monthly Statement* to the Field Treasurer as debits. These must be entered on the Dr. side of the missionary's Account by the Field Treasurer, on receipt of the Statement.

Likewise any funds which it is desired should be transferred from New York to a missionary on the field will be listed in the "Monthly Statement" of the General Treasurer, and on receipt of this Statement, the Field Treasurer will enter the item on the Cr. side of the missionary's personal Account.

As the missionary draws his salary, or any part of it, from time to time, the Field Treasurer will enter the amount he draws on the *Dr.* side of his Account—(Rule I: —the missionary having *received* the money is debited with the amount).

The *balance remaining* on the credit side of the missionary's Account, at any time, will represent the amount due him at that time.

CHAPTER III.

JOURNAL, LEDGER, CASH BOOK

The data which must be entered in the Field Treasurer's Books is supposed to be at hand in the Memorandum Book (previously described), and in official communications received through the mails.

A very simple set of Books is required for Field Treasurer's Accounts. The set consists of a Journal, Cash Book and a Ledger.

The Accounts we have thus far considered have all been in the form of *Ledger Accounts*, but in practice, no items are entered *first* in the Ledger.

Every item must be entered first in either the *Journal* or the *Cash Book*. These are books of "original entry."

If the transaction does not involve the receipt, or payment of cash, then it is entered first in the Journal and afterward transferred ("posted") to the Ledger.

If the transaction involves the *receipt* or *payment* of *cash*, it is entered *first* in the *Cash Book*, and afterward transferred ("posted") to the Ledger. In cases where checks are used they are treated as cash, the amounts being transferred to Cash Book from check stubs.

The Ledger must contain every Account.

Note: All transactions, including those involving the receipt and disbursement of cash, *may* be entered *first* in the *Journal*, and some Accountants demand that this be done.

In reality, the Cash Book is simply a section of the Journal, with a slightly different arrangement, and therefore separated from it, but it might be called, the "*Cash Transaction's Division*" of the Journal.

For the present, we shall regard *all* transactions as passing through the Journal and will proceed as though there were no Cash Book and as though none were needed. This will lend simplicity to our study. Later, we shall take

up a special form of Cash Book which will save the repetition of certain entries.

THE JOURNAL

The Journal is one of the accounting books of a regular set, used solely for preliminary work respecting financial transactions.

When a transaction is ready to be entered in the regular books, it is entered first in the book kept for that special purpose called the *Journal*. The entry is afterwards transferred or "posted" (without many details) to its proper place in the Ledger Account.

The Journal is of service in arranging and classifying the items for the Ledger Accounts, and it shows for each transaction the Account to be credited and the Account to be debited.

- (a) A thorough understanding of the Journal is essential.
- (b) Its use makes the meaning of Debtor and Creditor familiar, and from it one can always reason out the relation of one Account to another.
- (c) The Journal offers the first step in *Bookkeeping by Double Entry* and its correct use is of cardinal importance.

The following transactions have been gathered together in a "Memo. Book", from official communications and from actual operations conducted by the Field Treasurer. These will be *Journalized*, and then will be *posted* in the Ledger.

MEMO. BOOK

1914

April 1. Appropriations for Class I (Salaries)
for 1914-15 (as advised by Board Letter

	on Annual Appropriations dated March 1, 1914)	\$10,000
April 3.	"Monthly Statement" from N. Y. (for February, 1914) charges	475
April 4.	Error in N. Y. "Monthly Statement" (for Feb. 1914) charge against T. Jones incorrect as item does not belong to him	65
April 5.	Sold Certificate of Credit (No. 987 to B. Ward)	5
April 7.	Received Bills of Exchange from N. Y., No. 271, No. 272 and No. 273 @ \$500.	1,500
April 10.	Sold B/E (Bill of Exchange) No. 271..	500
April 12.	Notice No. 864 received to-day states that the Board, at its meeting, March 10th, appropriated \$3,000 for Residence No. 5.	3,000
April 15.	Sold Building Draft No. 56 for funds to pay labor on Residence No. 5.....	500
April 16.	Cashed N. Y. Money Order (No. 717 drawn to R. Brown)	25
April 17.	Paid James Arthur cash, on account of salary for month of April, 1914.....	20
April 20.	Received from local Government Official, toward building Chapel No. 2....	175

The Journal is now used to "sort out" the above transactions and arrange them for the two-fold entry in the Ledger.

The questions to be asked in each case are:

What Account *receives*?

What Account *gives*?

and Rule I must be applied: *Debit* the Account that *Receives*.

Credit the Account that *gives*.

Each and every transaction affects two Accounts, one of

them on its Dr. side, the other on its Cr. side.

The Dr. entry is always made *first* in the Journal, the amount being placed in the left-hand column.

The Cr. entry always follows, the amount being placed in the right-hand column.

The totals of the Dr. and Cr. columns must be equal.

NOTE: That in every transaction, the Journal shows the relation of one Account to the other, and gives the *names* of both Accounts affected. One of these Accounts in the Ledger will contain the debit entry, the other the credit entry.

To proceed now to Journalize the items in the Memo. Book:

Journal

		LEDGER FOLIO	Dr.		Cr.	
1914						
April	1	Gen. Treas. A/C (review p. 11) Dr.	25	\$10,000	00	
		To Class I (Salaries) Approps., 1914-15 A/C	26			\$10,000 00
April	3	H. James A/C..... Dr.	30	75	00	
		(Prem. Home Life Ins. Co.)				
		T. Jones A/C..... Dr.	30	65	00	
		(Bill Montgomery Ward & Co.)				
		James Arthur A/C..... Dr.	30	55	00	
		(Bill Montgomery Ward & Co.)				
		R. Brown A/C..... Dr.	30	25	00	
		(Bill Jno. Wanamaker)				
		B. Ward A/C..... Dr.	30	80	00	
		(Prem. Pres. Min. Fund)				
		Chapel No. 2 A/C..... Dr.	31	175	00	
		(B. Smith & Co., Lumber)				
		To General Treasurer A/C.....	30			475 00
		(Statement from N. Y. Treasurer for month of February)				

Journal

April	4	General Treasurer A/C.....Dr. (N. Y. Statement, Feb., 1914)	32	65	00		
		To T. Jones A/C..... (Previously charged to him in error)	32			65	00
April	5	Cash A/C (receives actual cash) ..Dr. To Certificates of Credit A/C..... (No. 987, sold to B. Ward) (Review pp. 15-16)	33 33	5	00	5	00
April	7	Bills of Exchange A/C, Nos. 271, 272, 273, @ \$500 each.....Dr. To Gen. Treas. A/C (review p. 13)	34 34	1500	00	1500	00
April	10	Cash A/C (receives actual cash) ...Dr. To Bills of Exchange A/C..... (Sold No. 271 @ \$500)	35 34	500	00	500	00
April	12	General Treasurer A/C.....Dr. To Residence No. 5 A/C..... (Notice No. 864, Board meeting March 10th, Appropriation)	35 35	3000	00	3000	00
April	15	Cash A/CDr. (Receives cash from sale of Bldg. Draft No. 56) To Bills of Ex. A/C (for Res. No. 5)	37 37	500	00	500	00
April	16	N. Y. Money Order A/C.....Dr. (Cashed No. 717 for R. Brown) (re- view p. 17) To Cash A/C (actual cash paid out)	38 38	25	00	25	00
April	17	James Arthur A/C (missionary) ...Dr. To Cash A/C (Cash Acc't. Salary) ..	39 38	20	00	20	00
April	20	Cash A/CDr. (Receives cash from Government Official) *To Chapel No. 2 A/C..... (As a credit available)	39 39	175	00	175	00
				\$16,265	00	\$16,265	00

*See bottom of next page.

It will be seen from this sample Journal that

- (a) The total of the *Dr.* column equals the total of the *Cr.* column.
- (b) Every *Dr.* entry has a corresponding *Cr.* entry.
- (c) The *name* of each Account affected is indicated.

NOTE: The Account that receives the *Dr.* item is named *first*. That Account is "*Dr. To*"—the Account which is named afterward,—which, of course, is the Account which receives the *Cr.* item.

The beginner should practice forming a Journal, first by transferring the Memo. items given above into a "Dummy Journal"—without using the book, and then, from Memoranda of other imaginary transactions.

From the Journal, the next step is to

THE LEDGER

The Ledger contains a complete record of all the Accounts, though without many details, by way of explanation.

It is only for convenience, accuracy, and information in detail that transactions are entered first in the Journal (or Cash Book).

The Ledger *could* alone be made sufficient for all the data required in the Accounts, without passing the transactions through any subsidiary book, but such practice would be inexpedient and unsafe as well as cumbersome.

Still, it must be remembered, that preliminary books

* *Chapel No. 2 Account* seems to have received a gift, and it may appear to require to be debited with the \$175. Not so, however. The \$175 has not yet been put into brick and stone for the Chapel; this amount stands available for it, and is its capital, or credit. When the \$175 shall have been spent on the Chapel, then the Chapel may be said to have received it, and then the *Chapel No. 2 Account* must receive the item as a debit—"To Cash" (which has been spent upon it).

Such gifts are like *Appropriations*. They must be set up as *credits* in the Accounts to which they belong.

(such as Journal and Cash Book) are simply assistants to the Ledger.

HOW TO OPEN THE LEDGER

Accounts are opened for the various persons and organizations, with which business is transacted, and for all other Accounts indicated in the Journal.

Each item is transferred from the Journal to its proper Account in the Ledger, and to the same side in the Account (i. e., Dr. or Cr.) in which it appeared in the Journal.

This operation is called "posting" into the Ledger.

When posting an item in the Ledger, enter, in the narrow column (in the Ledger) provided for the purpose, the *number of the page* in the Journal from which the item comes; likewise when an item has been entered in its place in the Ledger Account, enter in the narrow column (in the Journal) headed LEDGER FOLIO, the *Folio* number of the Ledger, on which the entry appears. This process is a check upon your posting and prevents omissions and repetitions.

TRANSACTION OF APRIL 1ST, 1914

Taking the first entry in the Journal, head an Account in the Ledger *General Treasurer Account*, and enter on the Dr. side—"April 1, To Class I (salaries) Approps. 1914-15 (see page 11).....\$10,000. [This simply means that the Board has appropriated \$10,000 for the year 1914-15, to be expended in salaries to the missionaries of that Mission, and it is *charged* against the General Treasurer, since he must furnish it.]

Dr.		<i>General Treasurer Account</i>						Cr.	
1914									
April	1	To Class I Approps., 1914-15	23	\$10,000	09				

The name of the next Account for the Ledger has already been given in the entry, i. e., *Class I Appropriations Account*.

Dr.		<i>Class I Appropriations Account</i>										Cr.	
						1914							
						April	1	By	Gen.	Treasurer	23	\$10,000	00

That is to say, the salary Account, which is called *Class I Appropriations* has a *credit* of \$10,000 which amount may be expended in salaries throughout the year, in monthly payments, as advised by the Board's official communication dated March 1, '14.

NOTE: That in the above examples we have a *credit entry* which balances, and corresponds to the *debit entry*.

SALARIES PLACED IN PERSONAL ACCOUNTS

Each missionary with whom the Field Treasurer deals must have a Personal Account, headed by his own name. This personal Account will constantly be receiving debits and credits, as money is paid out to the missionary, or received for the missionary. As *money* or as *credits* are received *for* the missionary, and become available as his *capital* they are entered as credits in his account. The first credit, and it is a regular monthly credit, is the item of his salary for the current month. As these credit items are entered in each personal Account, each month, *the total* of all these salary credits must be entered as a debit in one item, in *Class I Appropriations Account*. This process is illustrated as follows, the item being entered as a total Dr. item first.

Dr.		<i>Class I Appropriations Account</i>										Cr.	
						1914							
April	1	To	Salaries, Apr., '14	27	\$833	30	April	1	By	Gen.	Treasurer	23	\$10,000 00

Since the *Salaries* or *Class I* is now assumed to have received the credits (put into the missionaries' Accounts), Class I must be debited with the total amount for April (debit what is received).

There are supposed to be ten missionaries, each to be credited, every month, with $1/12$ of \$1,000 (annual salary) or \$83.33 each, per month; $10 \times \$83.33 = \833.30 , the debit item as entered.

These credits must now be made available in the form of credits, to each of these missionaries, as follows:

Dr.	<i>H. James Account</i>										Cr.
					1914						
					April	1	By Class I Approps. (salary)	26	\$83	33	

T. Jones Account

					1914						
					April	1	By Class I Approps. (salary)	26	\$83	33	

B. Ward Account

					1914						
					April	1	By Class I Approps. (salary)	26	\$83	33	

James Arthur Account

					1914						
					April	1	By Class I Approps. (salary)	26	\$83	33	

Dr.		<i>G. Robinson Account</i>		Cr.	
			1914		
		April 1	By Class I Approps. (salary)	26	\$83 33

A. Smith Account

[illegible]

W. Graham Account

[illegible]

S. Grove Account

[illegible]

F. Williams Account

[illegible]

R. Brown Account

[illegible]

NOTE: That the sum total of all these credit entries equals the debit entry in *Class I Appropriations Account*.

(Rule II: For every debit entry there must be a corresponding credit entry, or entries; and vice versa.)

Each of the missionaries named above now has \$83.33 to his credit, the amount being payable to him during the month of April, or later, as salary appropriated by the Board.

Taking the sample Memo. Book, and Journal, proceed now to *post* the

TRANSACTION OF APRIL 3RD

By reviewing page 11 again, we see that *General Treasurer Account* must receive a *credit* of the *total amount* of debit items (or charges) against the Mission, contained in the Monthly Statement received from New York. This is entered as a single item, and in this case amounts to \$475.00 (see *General Treasurer Acc't* below).

The *debit* of this amount will be made up of a number of Dr. entries placed in the Accounts (mainly of missionaries) for whom the General Treasurer has paid out money in the U. S.

We will suppose the Monthly Statement from New York indicated the following:

Dr.		(Monthly) Statement for Feb., 1914						Cr.	
Feb.	3	H. James (Home Life Ins. Co.)	\$75	00					
Feb.	5	T. Jones (M. Ward & Co.)	65	00					
Feb.	8	Jas. Arthur (M. Ward & Co.)	55	00					
Feb.	10	R. Brown (Wanamaker)	25	00					
Feb.	15	B. Ward (Pres. Min. Fund)	80	00					
Feb.	20	Chapel No. 2 (B. Smith & Co., lumber)	175	00					
Total charges			\$475	00					

These, then, are all debit items to be placed on the Dr. side of the Accounts to which they belong.

The single, *total credit*, and the *six debit items* would be posted as follows:

Dr.					<i>General Treasurer Account</i>					Cr.				
1914					1914									
April	1	To Class I Approps., 1914-15	23	\$10,000 00	April	3	By Sundry Acc'ts (Feb. Statement)	23	\$475 00					

H. James Account

1914					1914									
April	3	To Gen. Treas. Acc't. (Feb. Statement)	23	\$75	April	1	By Class I Approps. (salary)	26	\$83 33					

T. Jones Account

1914					1914									
April	3	To Gen. Treas. Acc't. (Feb. Statement)	23	\$65 00	April	1	By Class I Approps. (salary)	26	\$83 33					

Jas. Arthur Account

1914					1914									
April	3	To Gen. Treas. Acc't. (Feb. Statement)	23	\$55 00	April	1	By Class I Approps. (salary)	26	\$83 33					

R. Brown Account

1914					1914									
April	3	To Gen. Treas. Acc't. (Feb. Statement)	23	\$25 00	April	1	By Class I Approps. (salary)	26	\$83 33					

B. Ward Account

1914					1914									
April	3	To Gen. Treas. Acc't. (Feb. Statement)	23	\$80 00	April	1	By Class I Approps. (salary)	26	\$83 33					

[illegible]

NOTE: All the debit entries in the small Accounts above, added together, equal the one credit entry in *General Treasurer's Acc't* (i. e., \$475), thus proving Rule II again.

Taking up the

TRANSACTION OF APRIL 4TH

(See Memo. Book and Journal)

We are dealing here with a *charge*, received in the Monthly Statement from N. Y., against T. Jones (missionary)—but it is an error, as T. Jones has purchased no goods from Montgomery Ward & Co., and does not owe the General Treasurer the \$65 charged against him. As soon as the Field Treasurer becomes satisfied that it is a mistake, he makes a Journal entry (see p. 23) *charging*, or *debiting General Treasurer Account* and *crediting T. Jones' Account*. When the Field Treasurer next sends a *Statement* from the field to the General Treasurer in N. Y., this “charge” item will be included with explanation and the General Treasurer will “accept the charge” and find its rightful owner.

First—The *debit* in the General Treasurer Account.

Dr.				General Treasurer Account				Cr.			
1914				Final				1914			
April	1	To Class I Approps., 1914-15	23	\$10,000	00			April	3	By Sundry Acc'ts. (Feb. Statement)	23 \$475 00
April	5	To T. Jones A/C (Feb. Statement)		65	00						

Next, the corresponding *credit* entry in T. Jones' Account.

Dr.				T. Jones Account				Cr.			
1914								1914			
April	3	To Gen. Treas. A/C (Feb. Statement)	23	\$65	00			April	1	By Class I Approps. (salary)	27 \$88 33
								April	5	By Gen. Treas. A/C (Feb. Statement)	23 65 00

It is now apparent that though T. Jones had been *charged* with this \$65, he is now *credited* with it also, so that it does not affect his Account in any way.

NOTES (a) If a charge comes out in the "Monthly Statement" from N. Y., which the Field Treasurer *knows* does not belong to any Personal Account, or to any Appropriation Account in his Mission, he may enter it at once as a *debit* in an Account called *Suspense Account*, pending further advices from New York. If the General Treasurer directs that it be "returned" to him, then *credit* Suspense Acc't with the item and enter it as a debit in General Treasurer Acc't.

NOTE: (b) Never attempt to correct an error with another Field Treasurer direct. Return the credit or debit to N. Y. and give all available information. The New York Office will correct the mistake with the other Mission.

Looking at the Memo. Book (p. 21) and the Journal (p. 23) again we come to the

TRANSACTION OF APRIL 5TH

(Review pp. 15 and 16)

Cash is *received*, therefore enter debit item in *Cash Account*.

Certificate of Credit is *given out*, therefore *credit C.*
of C. Account.

Dr.		Cash Account										Cr.	
1914													
April	5	To Cert. of Credit A/C (No. 987—B. Ward)		23	\$5	00							

Certificates of Credit Account									
Dr.					Cr.				
				1914					
				April 5	By Cash (from B. Ward)	23	\$5	00	

The transfer of this item and all items like it, to N. Y., is explained on page 16.

NOTE: If B. Ward buys a C. of C., and instead of paying *cash* for it, asks that his Account "*be charged*" with the amount, then the Field Treasurer will make the following entry in the Journal: *B. Ward Account, Dr., To Cert. of Credit Acc't, Certificate No. 987.* Of course, *Cash Account* would, in this case, receive no entry, as no *cash* would have passed.

Next in the Journal (p. 23) is the

TRANSACTION OF APRIL 7TH

The Memo. Book and Journal show that the General Treasurer has remitted three Bills of Exchange, of \$500 each [in partial discharge of the "obligation" against him, represented by *Appropriations*] (see page 11).

As the General Treasurer *gives out* B/E's, his Account must be credited with what he sends.

As B/E Account *receives*, that Account must be *debited* with the amount taken in.

Dr.				<i>General Treasurer Account</i>				Cr.			
1914				1914							
April	1	To Class I Approps., 1914-15	23	\$10,000	00	April	8	By Sundry Acc'ts. (Feb. Statement)	23	\$475	00
April	5	To T. Jones Acc't. (Feb. Statement)	23	65	00	April	7	By B/E's (No. 271, 272, 273 @ \$500)	23	1500	00

Bills of Exchange Account

1914									
April	7	To Gen. Treas. A/C (No. 271, 272, 273 @ \$500)	23	\$1500	00				

TRANSACTION OF APRIL 10TH

As the Field Treasurer needs *cash* for making payments, he sells one of the Bills of Exchange. [Note: It is assumed, for the sake of simplicity, that the Field Treasurer receives \$500 (U. S. money) in exchange for his Bill of Exchange for that amount. In reality he will receive the local currency of the district at a current rate—which will be explained later.]

Since Bills of Exchange Acc't *gives out* a Bill, that Account will be credited with the amount of it.

Since cash is *received* in exchange for the B/E, *Cash* Account must be *debited* with the actual amount of cash received.

Dr.				<i>Bills of Exchange Account</i>				Cr.			
1914				1914							
April	7	To Gen. Treas. A/C (No. 271, 272, 273 @ \$500)	23	\$1500	00	April	10	By Cash A/C (No. 271)	23	\$500	00

Dr.		Cash Account				Cr.	
1914							
April	5	To Cert. of Cred. A/C (No. 987, B. Ward)	23	\$ 5	00		
April	10	To Bills of Ex. A/C (No. 271)	23	500	00		

NOTE: Cash Acc't is indebted (debited) "To the Bill of Exchange" for the cash received. Therefore the entry "*To Bills of Exchange Account.....\$500.*"

TRANSACTION OF APRIL 12TH

The Field Treasurer receives a notice that an appropriation has been made of \$3,000 for Residence No. 5. This transaction should be entered the same as that of April 1st, except the credit should be given to "Residence No. 5 Account." The General Treasurer Account must be charged with the amount since he must furnish it and Residence No. 5 Account must be credited since that account receives the appropriation.

The Journal indicates the two accounts affected and they will appear in the Ledger as follows:

Dr.		General Treasurer Account				Cr.	
1914						1914	
April	1	To Class I Approps., 1914-15	23	\$10,000	00	April	3
							By Sundry Acc'ts. (Feb. Statement)
						23	\$475 00
April	5	To T. Jones Acc't. (Feb. Statement)	23	65	00	April	7
							By B/E's (271, 272, 273 @ \$500
						23	1500 00
April	12	To Res. No. 5 Acc't.	23	3000	00		

Residence No. 5 Account

						1914	
						April	12
							By General Treasurer (Board's Approp.) (Notice No. 864)
						23	\$3000 00

TRANSACTION OF APRIL 15TH

(See Memorandum Book and Journal—Review Building Drafts, page 13)

The Field Treasurer requires cash for payments on Residence No. 5 which is in process of construction. He draws a *Building Draft* himself, on the General Treasurer. As soon as the Draft is *filled out*, it must be charged (i e., entered as a debit) to *Bills of Exchange Acc't* (for that Acc't must be assumed to have just received it).

And General Treasurer A/C must be *credited* with it, since the Bill is the means of getting the money for Residence No. 5 from him, and it is as though he had *sent* the Draft *out*. Since General Treasurer *gives out* cash for the Bill, his Account is to be *credited* (see Rule I.) These two entries are posted below:

Dr.		<i>Bills of Exchange Account</i>						Cr.			
1914		1914									
April	7	To Gen. Treas. A/C (No. 271, 272, 273 @ \$500)	23	\$1500	00	April	10	By Cash Acc't. (No. 271)	23	\$500	00
April	15	To Gen. Treas. A/C (Bldg. Dept. No. 56)	23	500	00						

<i>General Treasurer Account</i>									
1914					1914				
April	1	To Class I Approps., 1914-15	23	\$10,000 00	April	3	By Sundry Acc'ts. (Feb. Statement)	23	\$475 00
April	5	To T. Jones A/C (Feb. Statement)	23	65 00	April	7	By B/E's (271, 272, 273 @ \$500)	23	1500 00
April	12	To Res. No. 5 A/C	23	3000 00	April	15	By Bills of Ex. A/C (Draft No. 56)	23	500 00

In the above Account the General Treasurer is *charged* on April 12, with \$3,000, the amount of the Appropriation for Residence No. 5, and on April 15th he is credited with \$500 of the \$3,000, by reason of the B/E, drawn by

the Field Treasurer to produce the money for the \$500 payment.

The Field Treasurer now takes the \$500 Draft and sells it at the Bank, and is supposed to have received \$500 (U. S. money) in return for it.

Since *Bills of Exchange Account* gives out the Bldg. Draft, that Account must be credited.

And since cash is *received* for it, *Cash Acc't* must be debited. The Accounts showing these entries follow:

Dr.				<i>Bills of Exchange Account</i>				Cr.			
1914								1914			
April	7	To Gen. Treas. A/C (Nos. 271, 272, 273 @ \$500)	23	\$1500	00			April	10	By Cash Acc't. (No. 271)	23 \$500 00
April	15	To Gen. Treas. A/C Bldg. Draft No. 56)	23	500	00			April	15	By Cash Acc't. (Bldg. Draft No. 56)	23 \$500 00

Cash Account

1914											
April	5	To Cert. of Cred. A/C (No. 987, B. Ward)	23	\$5	00						
April	10	To B/E Acc't. (No. 271)	23	500	00						
April	15	To B/E (Bldg. Draft No. 56)	23	500	00						

The Transaction of April 15th has now been posted, and the Field Treasurer's books show \$500 cash on hand to be expended upon Residence No. 5, for which there is an Appropriation from the Board of \$3,000.

TRANSACTION OF APRIL 16TH

The Journal shows that on April 16th the Field Treasurer paid out \$25 *cash* and received a *New York Money Order* in return. The Account of the missionary who presented the Order *is not affected*.

New York Money Order Acc't is *debtor* (having *received* the Order).

Cash Account is *creditor* (having paid out cash).

Dr.		New York Money Order Account						Cr.	
1914									
April	16	To Cash A/C (No. 717, R. Brown)	23	\$25 00					

Cash Account									
1914					1914				
April	5	To Cert. of Cred. A/C (No. 987, B. Ward)	23	\$5 00	April	16	By N. Y. M. O. Acc't. (No. 717, R. Brown)	23	\$25 00
April	10	To B/E Acc't (No. 271)	23	500 00					
April	15	To B/E Acc't. (Bldg. Draft No. 56)	23	500 00					

NOTE: For the above review p. 17 on N. Y. Money Orders.

TRANSACTION OF APRIL 17TH

Here we find that James Arthur, a missionary, on April 17th, drew \$20 of his salary of \$83.33 standing to his *credit* for the month of April.

Cash was *given out*, therefore *Cash A/C* will be *credited*.

James Arthur *received* \$20; therefore *Jas. Arthur A/C* will be debited.

Dr.		Cash Account						Cr.	
1914					1914				
April	5	To Cert. of Cred. A/C No. 987, (B. Ward)	23	\$5 00	April	16	By N. Y. M. O. A/C (No. 717, R. Brown)	23	\$25 00
April	10	To B/E A/C (No. 271)	23	500 00	April	17	By James Arthur A/C (salary)	23	20 00
April	15	To B/E A/C (Bldg. Draft No. 56)	23	500 00					

Dr.				<i>James Arthur Account</i>				Cr.			
1914					1914						
April	8	To Gen'l Treas. A/C (Feb. Statement)	23	\$55 00	April	1	By Class I Approps. (salary)	23	\$83	33	
April	17	To Cash (salary)	23	20 00							

NOTE: This last A/C shows that Jas. Arthur has only \$8.33 to draw for the remainder of the month.

TRANSACTION OF APRIL 20TH

A local Government Official has contributed \$175 toward the erection of a Chapel.

Chapel No. 2 A/C must be *credited* with this gift (see bottom p. 24).

Cash A/C must be *debited* (money having been *received*).

Dr.				<i>Chapel No. 2 Account</i>				Cr.			
1914					1914						
April	8	To Gen. Treas. A/C (Feb. Statement)	23	\$175	April	20	By Cash (Government Official)	23	\$175		

Cash Account

1914					1914						
April	5	To Cert. of Cred. A/C (No. 987, B. Ward)	23	\$5 00	April	16	By N. Y. M. O. A/C (No. 717, R. Brown)	23	\$25 00		
April	10	To B/E A/C (No. 271)	23	500 00	April	17	By Jas. Arthur A/C (salary)	23	20 00		
April	15	To B/E A/C (Bldg. Draft No. 56)	23	500 00	April	30	By Balance to next Account	23	1135 00		
April	20	To Chapel No. 2 A/C (Gov. Official)	23	175 00							
				\$1180 00						\$1180 00	

BALANCING ACCOUNTS

NOTE: In addition to the *Dr.* entry of April 20th, which has just been made in the above A/C, a *credit* entry has also been made, under date of April 30th.

This entry represents the process called "balancing the Account". The difference between the *Dr.* and *Cr.* side is called the *Balance of the Account*.

If the *Dr.* side is the greater, the balance is a *Dr. Balance*.

If the *Cr.* side is the greater, the balance is a *Cr. balance*.

In the above example, *Cash Account* is charged with (i.e., it is "responsible" to some one for) \$1,135, the balance being a *debtor balance*.

In order to show the totals of the columns equal, the difference between the two sides must, of course, be entered on the smaller side (in this case on the *Cr.* side).

When the balance is brought down, however, to a new *Cash Account*, the balance as above must be entered on the *Dr.* side, as this difference is really the part of the debit, which is not covered or offset by any credit or credits.

THE CASH BOOK

(Review page 19 again)

The Cash Book is virtually a section of the Journal, kept apart by itself, and contains a record only of transactions involving the receipt or disbursement of cash. Its form is slightly different from that of the Journal, though it is like the Journal in many ways. Items entered in the Cash Book are not entered in the Journal. They are posted directly in the Ledger from the Cash Book.

Cash (or cheques) received are entered on the left-hand or debtor side of the Cash Book.

Payments made in cash (or by cheque) are entered on the right-hand or credit side of the Cash Book.

No entries should be made in the Cash Book excepting those that have to do with receipt or disbursement of actual *Cash*.

Following are the cash items of our Accounts, entered in a Cash Book (see Memo. Book, page 21).

Dr.

Cash Book

Cr.

1914	Led. Folio	CASH RECEIPTS				1914	Led. Folio	CASH PAYMENTS	
		OFFICE		BANK	OFFICE			BANK	
April	5	To Cert. of Cred. A/C No. 987, (B. Ward)	\$ 5 00		April	16	By N. Y. M. O. Acc't. (No. 717, R. Brown)	\$ 25 00	
April	10	To B/E No. 271 @ \$500		\$500 00	April	17	By Jas. Arthur A/C (salary)	20 00	
April	15	To Bldg. Draft (B/E Acc't.) No. 56 (Res. No. 5)	500 00		April	25	By Cash (per contra)		\$ 15 00
April	20	To Chapel No. 2 A/C (gift Gov. Official)	175 00		April	30	By Balance (carried down)	650 00	485 00
April	25	To Bank (per contra)	15 00						
			\$695 00	\$500 00				\$695 00	\$500 00

NOTE: The item of April 25th has been inserted, showing that on that date the sum of \$15 was drawn from the Bank and placed in the Office Cash till. For this an entry on both sides of the Cash Book is needed.

Cash (Office) *receives*; therefore it is debited with the amount.

Bank *gives out*; therefore it is credited with the amount.

[The debit and credit would just be reversed, if cash passed from the Office Cash to the Bank.]

BALANCING THE CASH BOOK

Office Cash must, of course, be balanced with Office Cash; Bank Cash must be balanced with Bank Cash.

There must always be a *Dr. Balance* in these two Accounts, and in order to make the totals of the Cr. and Dr. Columns *equal* each other, the *debit balance* must be entered on the Cr. side "By balance carried down", etc.

These balances (appearing as balances entered on the credit side,) are afterwards brought down to the *debit side* of the Cash Book as the first entries, commencing the new month.

HOW TO POST THE CASH BOOK

- (a) Each item on the *debit side* of the Cash Book is posted on the *credit side* of the Account named, as *Certificate of Credit Account* which will contain a credit entry "By Cash, (No. 987, B. Ward) \$5.00."

Exception: Transfers from *Bank* to *Cash*, or vice versa are *not* posted at all as individual items, and therefore a check (✓) is placed opposite each entry to show it must be omitted when posting the separate items to their Accounts. (See *Note* below.)

- (b) The *monthly total* of the *Office* (Cash Receipts) Column, is posted to the *Dr. side* of *Cash Account* (*Cash Account* having *received* this amount of cash during the month must be *debited* with it, and it is entered in *one sum total only* in the *Ledger Cash Account*).
- (c) The *monthly total* of the *Bank* (Cash Receipts) Column, is posted to the *Dr. side* of *Bank Account* (*Bank Account* having *received* this amount of cash during the month, must be *debited* with it, and it is entered in *one sum total only*).
- (d) Looking at the *Credit side* of the Cash Book:
Each item on the *Cr. side* must be posted on the *Dr. side* of each Account named in the item, as *N. Y. Money Order Account* which will contain a *debit* entry "To *Cash Account* (No. 717, R. Brown) \$5.00."
Exception: The transfer of April 25th from the *Bank* to *Cash* must *not* be posted separately in the *Ledger Cash Account* (see *Exception* above) and it is therefore checked (✓), showing it is to be omitted when posting the items to their separate Accounts.
- (e) The *monthly total* of the *Office* (Cash Payments) Column, is posted to the *Cr. side* of *Cash Account* in the *Ledger* (Cash having been *paid out* to the amount of this total during the month, *Cash Account* is *credited* with it, and it is entered in the *Ledger Cash Account* in *one sum total only*).
- (f) The *monthly total* of *Bank* (Cash Payments) Column, is posted to the *Cr. side* of *Bank Account* in the *Ledger* (*Bank Account* having *given out* this amount of cash during the month, must be *credited* with it, and it is entered in the *Ledger* in *one sum total only*).
Caution: *Deduct Balances before posting totals. Do not include balances* in the Accounts on hand at the beginning or at the end of the month in posting *Cash* and *Bank* totals to their *Ledger* Accounts.

NOTE: When cash is paid out for an *Appropriation Account* (as for itinerating expenses under Class IV), that Account must be *debited* with the amount when posting to the Ledger, just as every other item is put on the debit side of its Account in the Ledger, if it appears on the Cr. side of the Cash Book.

NOTE: It may seem best to keep also a *Petty Cash Book* for small and frequent expenditures. However, it is likely that small items of expenditure can be charged at once into *Class IX Account* (Mission and Station Expenses). The appropriation allotted to this Class IX by the Mission will represent the *credit in Class IX Account*; the expenditures made for Class IX items will be the *debits*.

WHAT THE BALANCES IN LEDGER ACCOUNTS REVEAL

1. *Cash Account*:

The debit balance (the credit side of this Account can never be the greater) shows the amount of cash on hand at the office, and the actual cash must balance with it.

2. *Bank Account*:

The debit balance (the Dr. side of this Account must always be the greater) shows the amount on hand at the Bank to the Field Treasurer's credit. If the Bank Account should show a *credit balance*, it would mean that the Bank Account had been overdrawn and that the Field Treasurer owed the Bank money. The Bank would charge interest on the amount of the overdraft. No Field Treasurer is authorized to create such a situation.

3. *Appropriation Accounts:*

The Cr. balance in all *Appropriation Accounts* represents the amount still available to be spent for that *Class* or object. A debit balance should never occur in an *Appropriation Account*, as no Treasurer is authorized to pay out more money than has been appropriated (or actually received as a gift) for a *Class* or *Object*. (See Exception below.)

EXCEPTION: Special permission has been granted by the Board whereby in two or three Missions advances of salary may be made by the Field Treasurer to cover payments for supplies purchased in quantity, made necessary by distance or the seasons, or in special cases arising from long itinerating tours, but in all such cases *Personal Accounts* must be liquidated every three months. Ordinarily Salary or *Personal Accounts* (Class I) must be squared every month. No Field Treasurer is authorized to lend Mission funds to anyone.

Balances in Appropriation Accounts at Close of Year:

All credit balances remaining in *Appropriation Accounts* at the close of a fiscal year revert to the Board and must be credited in the *General Treasurer Account*.

EXCEPTION: The one exception is that of Class VIII. The amounts unspent in Class VIII (i. e., credit balances) are carried over for the same building operation into the new year, as, of course, the entire sum appropriated was intended to be used for that special object and is available for it until the building is entirely completed.

4. *Bills of Exchange Account:*

The debit balance in this Account will represent the

amount of Bills of Exchange on hand. There could never be a credit balance in this Account, as No. B/E's could be given out (sold) when none were on hand. (Review p. 13.)

5. *Field Money Orders Account (Certificates of Credit).*

This Account is balanced each quarter by entering (using the Journal for the original entries) a *debit* in the Account, equal to all the Certificates of Credit sold during the quarter. The corresponding *credit* entry must be made (Rule II) on the credit side of *General Treasurer Account*. The final step here is the *listing* of all C. C.'s sold during the quarter in a Statement, as a *credit* to the General Treasurer (on the debit side) and forwarding the statement to New York (see pp. 15 and 16), thereby balancing the account for the quarter.

Other Ledger Accounts are treated elsewhere.

THE TRIAL BALANCE

When complete postings have been made from Journal and Cash Book into Ledger Accounts, find balances (on one side or the other) in all the Accounts; enter these balances on the lesser side of each Account (see Cash Book entry, p. 42), and "balance"—making the totals of the columns equal.

Since we have the Rule (II) that every credit entry must have a corresponding debit entry, or entries, and vice versa, it must follow that the *sum* of all the debit entries of all the Accounts in the Ledger must equal the *sum* of all the credit entries of these same Ledger Accounts. (*Balances* are not, of course, regular *entries*, and are not included.)

A *Trial Balance* is obtained by thus adding (simply on memorandum paper) all the debits of the Accounts, and all the credits of the same Accounts, in separate Dr. and Cr. columns and noting that the totals must equal each

other. If the totals of the two columns are not equal, it is probable that some mistake has been made in posting to one of the Ledger Accounts.

TRIAL BALANCE SHORTER METHOD

If the total of all debits in the Ledger Accounts is equal to the total of all the credits in these same Accounts, then it must be true that all the *debit balances* added together must equal all the *credit balances* added together.

Therefore, find the Trial Balance by comparing the *total* of all the *debit balances*, with the total of all the *credit balances* of the Accounts in the Ledger.

The Trial Balance is not an Account; it is merely a statement showing the Accounts to be correct, and is of no further use. It is usually drawn up at the close of every period for which a report is to be made.

THE BALANCE SHEET

The Balance Sheet is an abstract of the business Liabilities and Assets. It gives the merchant a bird's-eye view of (1) what he owes and what is owing to him; (2) what profit or loss he has made; (3) what his capital amounts to; and (4) the Balance Sheet proves the Accounts to be correct, because it shows the capital to be in *actual existence*.

Since a Mission Field Treasurer does not keep a Capital Account, no Balance Sheet, in the true sense, can be made up from his Accounts, but one *could* be composed by appraising the Assets in his field and placing them in suitable Accounts.

CHAPTER V

NATIVE CURRENCY

It will be understood that the examples and illustrations thus far given have been in United States money generally termed "gold" (meaning dollars and cents, based on the *gold standard* of the U. S.) for the sake of simplicity in explaining the steps in bookkeeping.

In actual practice, Bills of Exchange or Building Drafts when sold on the field do not produce dollars and cents in U. S. money, but produce Native currency, such as Yen in Japan, Mexicans in China, Rupees in India, etc.

Since a Treasurer's books must be kept in one currency only, it will be necessary, when entering Bills of Exchange or other papers made in gold, to reduce the same to a corresponding amount in the currency of his accounts. In the case of Bills of Exchange received from New York this can be done by using an arbitrary or an average rate and adjusting through an Exchange Account the difference between this value and the actual value determined when the bill is sold. Personal charges, etc., are usually entered at an average rate for the month or quarter.

The amount of Mexicans (for example) which \$100 gold (i.e., a Bill of Exchange for \$100) will realize varies almost daily and depends upon the *Rate of Exchange* on the day the Bill is sold.

This Rate of Exchange is determined by several factors, among which are (a) the cost of collecting the money which the Bill represents; (b) the charge of *interest* on the amount, for the time intervening before the money can be collected (from the Board in N. Y.), and (c) the distance from a large money center. (d) All these factors are influenced by the relation between imports and exports of

the countries involved. The credit of the countries involved and the market price of silver may also seriously affect Rates.

A *Rate of Exchange* is the value of the unit of the money of one country, expressed in the money of another country.

That is: \$1 gold (U. S.) will purchase on a certain day 2.22 Mexican dollars (China).

The value of the unit (\$1.00)=2.22 Chinese Mexicans;
or,

1 Mexican (Chinese) is equivalent, on a certain day, to \$.45 (U. S. gold).

The value of the unit (1 Chinese Mexican)=45 cents in U. S. money, i. e., in "gold".

The *Rate* may here be described either as 2.22, or as .45.

By dividing the unit 1 by one rate (2.22) the equivalent rate can be obtained (.45) and vice versa.

Also, divide gold amount by the Rate (in gold as .45) to obtain Mexicans. Multiply amount in Mexicans by Rate (in gold as .45) to obtain gold amount.

The Field Treasurer will handle cash in native currency only; there is, of course, no U. S. money in circulation on the foreign field. Disbursements of every kind will have to be made in the money of the country where dealings take place.

Therefore, when selling a (gold) B/E for \$500—for which the local bankers will give him in return say Mexican dollars 1111.11, the Field Treasurer will make the following entries (through the Journal).—Item of April 10th.

Dr.				<i>Bills of Exchange Account</i>				Cr.			
1914				Mexicans		1914				Mexicans	
April	5	To Gen. Treas. No. 275 (received this B/E from N. Y.) \$500 @ .46)		1086	95	April	10	By Cash B/E No. 275 (sold April 10 for \$500)		1111	11

NOTE: The Cr. side of this Account should always show the value of the B/E in both currencies.

Cash Account

[illegible]

As the Mexicans are expended they will be entered as *credits* in Cash Account and as *debits* in the Appropriation Account involved.

NOTE: Dividing the Mexicans (1111.11) by the gold (\$500) gives 2.22 the Rate in Mexicans.

Dividing the gold (\$500) by the Mexican (1111.11) gives the Rate in Gold = .45.

APPROPRIATIONS

CLASSES I, II AND III

The Board appropriates *Native Currency* for all *Classes* of the work, except for

Class I. Salaries and children's allowances.

Class II. Cost of missionaries' furloughs, and

Class III. New missionaries' outfit, travel and salary.

In the case of these three Classes the Board agrees to pay the amount in gold. Therefore a *current* rate of exchange must always be used in paying salaries and children's allowances. Since the total appropriation for Class I will require to be entered in native currency, and the difference between this amount and the sum of all payments made for an entire year will possibly differ considerably, the Treasurer should adjust after each month's payments of salaries these differences by entries through Exchange Account so that the only remaining difference to the end of

any given month would represent salaries not paid. The Field Treasurer, in crediting Personal Accounts with the salary item each month will use two columns, one of them showing the amount in gold (as on p. 27), followed by the amount of Native Currency which the gold would buy, i. e.:

Dr.	H. James Account										Cr.
					1914						Mexicans
					April 1	By Class I Approps. (for Apr. @ 2.22)	27	\$83	33	184	99

As payments are made to missionaries in Native Currency their Accounts will be *debited* with the amounts in Native Currency.

EXCHANGE ACCOUNT EXPLAINED

All losses in exchange are charged (i. e., debited) in this Account; all gains in exchange are *credited* in this Account.

CHAPTER VI

VARIOUS ACCOUNTS

The number of Accounts on the books of the Field Treasurer should be kept as small as possible.

If the Treasurer be a *Mission Treasurer*, who deals with *Station Treasurers*, one Account, headed with the name of the Station, should be sufficient for all dealings with that Station.

Excepting Class VIII—which would require a separate Account for each building or property on the books of the Mission Treasurer. The Station Treasurer will establish *separate* Accounts for each one of the missionaries in his Station, and for each Appropriation Account, etc.

The *Station Treasurer* would be *credited* on the Mission Treasurer's books with *all* Appropriations allotted to the Station by the Board and the Mission.

The *Station Treasurer* will be *debited* on the Mission Treasurer's books with all remittances made to him to take care of these appropriations.

The *Station Treasurer's Account* (on the Mission Treasurer's books) will also be *debited* with all Certificates of Credit sold by the Mission Treasurer to missionaries in his Station, and *debited* with all *charges* received from New York, against missionaries in the Station involved. These, the Station Treasurer will charge against the individual missionaries.

NOTE: The importance of sending complete and accurate *Reports* to the Mission Treasurer by the Station Treasurer is seen just here. Without such Re-

ports, with full details, the Mission Treasurer cannot make suitable Reports to the General Treasurer, as he is required to do.

NOTE: The above directions will have to be modified to fit conditions, in cases where Salary or Appropriation Accounts have been centralized, i. e., where the Mission Treasurer will himself assume most of the duties formerly left to the Station Treasurer, relieving the latter of the details of bookkeeping and administration.

MISSION FIELD RECEIPTS ACCOUNT

The Field Treasurer should enter as *credits* in this Account all receipts of money coming under this head (charging Cash Account with the same amounts). These Receipts are subject to expenditure on the authority of the Mission, and when so disbursed, must be *charged* in the *Mission Field Receipts Account* (crediting Cash Account). A careful record should be kept of sources from which these receipts come, such as tuitions, hospital receipts, dispensary fees, personal gifts, etc., also the special purposes for which the funds are used. These receipts and disbursements should be entered on the quarterly reports to the General Treasurer.

INTEREST ACCOUNT

If the bank balance of a Field Treasurer produces interest allowed by the Bank, an *Interest Account* should be credited with the amount. This sum reverts to the Board at the end of the year (unless special action is taken by the Board, on the recommendation of the Mission). If no request is made by the Mission concerning the use of the money the interest accrued would be *debited* to the *Interest Account* (having previously been *credited*) and *credited*

in *General Treasurer Account*. This *credit* would appear on the Statement sent the *General Treasurer* at the close of the period (unless, as previously stated, Board permission has been granted to use the interest for some special object on the Field).

BUILDING OR EMERGENCY DRAFTS ACCOUNT

As already noted (see page 13) these Drafts are filled out by the Field Treasurer himself on blanks furnished for the purpose and are used for the following objects:

- (a) To realize funds for the purchase of property, or for building operations, authorized by the Board.
- (b) To realize funds for use in some form of Mission work for which appropriations have been made, and for which no Bills of Exchange are on hand at the time; or,
- (c) For some emergency, clearly falling under Board sanction and regulations as set forth in the Manual.

It may lend clearness to the accounting if a special Account is opened for the handling of these Drafts, instead of placing them in the *Bills of Exchange Account* (page 13). This Account may be called as above—*Building, or Emergency Draft Account*, which Account would be *debited* with the Drafts *as soon as filled out*. *General Treasurer Account* would be *credited*.

On selling the Draft for cash, the *Bldg. or Emergency Drafts Account* would be *credited* and *Cash* would be debited. As Cash was spent upon a building, Cash would be credited, and the *Building Account* would be debited.

CLASS VIII ACCOUNTS

Class VIII embraces all property appropriations. Each piece of property, or building operation, should have a separate Account.

The *credit* side of the Account will be filled in by Appropriations from the Board for that specific object. All *gifts* received direct for such an object would be entered also on the *credit* side, and these should be reported to the Mission and the Board.

The *debit* side of the Account will be filled in as expenditures are made for the object (building or property) involved. The close of a fiscal year has no effect on the credit balance in a Class VIII Account. It remains as a credit balance until expended upon the object, or until reported by the Missions as not likely to be needed.

Accounts for buildings (Class VIII) should each be *numbered* and the designated number used in addition to name in communicating with New York. *Descriptions* or *names* of buildings alone are likely to be confused, or not understood in the sense recognized on the field.

Appropriations for property (all Class VIII) are not included in the original yearly appropriations, but are always separate and distinct, and notifications to the field are made on separate official numbered blanks sent out from the General Treasurer's office in New York. In reporting disbursements against these special appropriations, the *number* of the notice of appropriation should always be given on quarterly report or separate property blank.

Funds, for use in Class VIII operations, are not sent out in Bills of Exchange from New York, but after the appropriation has been made, the Field Treasurer is authorized to sell a Building Draft (drawn against the General Treasurer) for such an amount as shall be required for the building operation (or for the purchase of property) in the near future.

The Field Treasurer is not authorized to sell Building Drafts even after an Appropriation Notice is received unless there is an immediate demand for the money.

PERSONAL ACCOUNTS OF MISSIONARIES

The salaries of missionaries, while on the field, are paid out of Class I. Children's allowances are paid out of Class I, if on the field. If salary and children's allowances for any reason are not payable on the field (i. e., the missionary may leave on furlough), the unused part of his Class I appropriation remains as a balance on the Field Treasurer's books until the close of the year, when the Field Treasurer will credit it to General Treasurer Account.

Children born during the year will draw regular child's allowance from the date of birth, though no appropriation will have been made. The amount disbursed is to be charged against the *General Treasurer* in his Account and reported, with the child's name and date of birth, in the Statement forwarded to New York.

CHAPTER VII

GENERAL DIRECTIONS

For guidance in the general conduct of field treasury matters, see the Manual of the Board. Departures from the rules of the Manual may be made only upon the express authority of the Board.

Authority for Making Disbursements:

Excepting the use of miscellaneous receipts on the field, such as tuition fees, etc., Field Treasurers may only make disbursements of Mission funds on the authority of the Board.

This authority is given through *appropriations*, passed in formal meetings of the Board, and notified to the field by *formal communications*. These are of two kinds:

- (1) The "original appropriations", passed by the Board at the beginning of a fiscal year, covering the bulk of the work to be conducted during the year are notified to the field by the "Annual Appropriation Letter" from the Secretary's office, addressed to the Mission. This becomes the Field Treasurer's authority for making regular disbursements for the current work.
- (2) For all other disbursements, the Field Treasurer must have regular "Notices" from the General Treasurer's office. These Notices are numbered, and give the *date* of the *meeting* of the Board at which the appropriation was made.

In writing to New York about any appropriation, Field Treasurers must refer by number to this "Notice"

which gives *date* of the *meeting* of the Board at which the appropriation was made.

NOTE: Most emergencies on the field, which might call for the disbursement of funds for which no formal appropriation has been made, are covered in the Manual, and Field Treasurers will act on the authority there given. For authority to disburse funds for any other emergencies, the Board must be consulted. Extreme cases, requiring quick action can, of course, be handled by the Mission or its Executive Committee.

Getting Funds to the Field.

Funds are transferred from New York to the Field by means of Bills of Exchange drawn in New York and by Emergency or Building Drafts drawn on the field (see p. 12).

- (1) Bills of Exchange are forwarded to the Field Treasurer each month roughly representing one-twelfth of the original appropriations and are sold by him as the work demands.

Any Bills of Exchange on hand at the close of a fiscal year are reported in the Annual Report of the Field Treasurer, and are carried as *debts* in the Bills of Exchange Account over into the new year.

- (2) *Emergency or Building Drafts* (see p. 13).

All funds for property appropriations are realized on the field by the sale of these Drafts. No Bills of Exchange are sent out from New York to cover Class VIII appropriations. These drafts should only be drawn for amounts which are to be paid out in the near future.

- (3) *Funds for Emergencies* (see Note, p. 55).

Certificates of Credit (see pp. 15 and 16).

These should always be used by missionaries when making payments of exact sums in the U. S. They may be sold by Field Treasurers for cash only, or by debiting the Personal Account of the Missionary, if solvent.

Orders for Payment.

Periodical payments will be made by the New York office, on written request of the missionary, the amount paid out on his behalf being charged against him through the Monthly Statement sent to the Field Treasurer.

Special Payments.

Missionaries may wish to make payments in the U. S., the exact amount of which is not known. They may effect such payments by forwarding to payees or to the Board *Forms* properly filled out, which will be furnished by Field Treasurers.

These Forms must be lodged with the New York Office (either direct by the missionary or indirectly through the payee) before payment will be made, as the Board cannot undertake to disburse money for individuals without written instructions to that effect.

Purchase Orders.

The Board has a Purchasing Department for the accommodation of missionaries and through this Department they can purchase to advantage, as most of the large firms in the United States allow a special discount on orders received through the Board. For this purpose special Forms are furnished on which the missionary can write a list of goods required. If the order is sent direct to the firm supplying the goods the discount may or may not be granted; in such a case an *Order for Payment* should be sent by the same mail to the General Treasurer in New York or enclosed with the order.

Indebtedness of Missionaries.

The system of *Orders for Payment* and *Purchase Orders* is a source of danger to the Personal Accounts of missionaries. All such payments made by the New York Office must be charged out on the next Monthly Statement against the missionary involved, and must be collected from the missionary, through his Account, by the Field Treasurer. The latter has no authority to lend Mission funds to workers, and overdrafts on salary would represent loans which are forbidden. Hence it comes that *Orders for Payment* and *Purchase Orders* must be *counter-signed by Field Treasurers*, who are expected to exercise a wise and helpful oversight with reference to obligations which it will be his duty to collect for the Board. The Field Treasurer should notify the Executive Committee of the Mission of any cases of continued or excessive Personal indebtedness of missionaries, and if allowed to stand the Board should be advised.

New York Money Orders (see p. 17).

When these are presented to the Field Treasurer he will pay the equivalent of the gold value of the Order, in Native Currency, at the current rate of exchange, or at the rate he is using for salary disbursements for that period.

Travel Items—From the Field.

Class II contains appropriations to cover the cost of travel and freight for missionaries while going or coming on regular furlough. The "original appropriations" will show what these appropriations are, and the Field Treasurer will advance funds to missionaries duly listed, to cover cost of tickets, incidental expenses and freight charges, charging all amounts thus paid out against *General Treasurer Account*. The General Treasurer will

charge amounts, properly expended, against Class II appropriations, which, according to the established practice, are held in New York and are adjusted there.

It must not be understood either by the Field Treasurer or the missionary that these advances are to be expended on travel, incidentals, or freight up to their limits; the missionary on his arrival at his destination must report his expenditures and his balance of funds in hand, together with the *Clearance Sheet* which the Field Treasurer gives him on leaving the field.

Travel Items—to the Field.

On arriving at his post on the field, the missionary must report his balance of travel funds in hand to his Field Treasurer, and must turn over to him his Travel Blank containing his items of expenditure en route.

The Field Treasurer is expected to audit this "Travel Account", calling the missionary's attention to any items of expenditure which the Board does not regard as legitimate charges against Mission funds (see Manual). Any such items must be eliminated from the Travel Account and must be charged against the missionary personally, together with the balance of Travel funds in his hands. The Travel Account must then be forwarded to New York for final adjustment.

The Clearance Sheet.

When a missionary leaves the field a *Clearance Sheet* must be furnished him by the Field Treasurer indicating the date to which his salary and children's allowances (if any) have been paid, the amount advanced for tickets, incidentals and freight, and the amount of credit (or debit) balance standing in his *Personal Account* at the date of his departure. A similar Blank will be given the missionary on leaving the U. S. for his field; it will show the debits and credits of his Account.

Emergency Furloughs.

The Manual of the Board will indicate the conditions under which a missionary may be supplied with travel funds when the items do not appear in the regular appropriations. When the conditions are present, and have all been met, the Field Treasurer may advance the funds, and the bookkeeping and Clearance Sheet will be handled as though the transaction were regular.

Freight Charges from New York.

On shipments from the United States the freight charges are always prepaid to port of entry, and all charges are forwarded to the Mission Treasurer in the following manner. Numbered invoices are prepared indicating for whom the goods are shipped, the value in U. S. Gold, the gross and net weights, the cubic measurement of each box or package and the amount of freight charges paid on each individual missionary's goods showing the amount to be charged against freight allowance and against the missionary. At the top of the invoice is given the total amount of freight paid and the total measurements—this total amount is charged on the monthly statement as "freight on Invoice Number ". The Invoice is forwarded to the Mission Treasurer and from it he gets the details of the charge on the statement. To each missionary's freight charges (as given on the Invoice, must be added expenses on the goods from port of entry to destination—such as duties, landing charges, inland freight, etc.

To ascertain the proportion of such expenses paid on the field chargeable to the Board or to the personal account of the missionary, the Mission Treasurer must consult the Manual for rules regarding freight allowances. From this he will find a new missionary is entitled to two cubic tons or 80 cubic feet. Now we will suppose that R. James' goods measured 100 cubic feet and the charges paid by the Mission Treasurer amounted to \$50. The Board's allow-

ance would be 80/100 of \$50, or \$40, and 20/100, or 10, must be collected from the missionary. This \$40, added to the amount of freight allowance as shown on the invoice, should be charged against General Treasurer Account and entered on the Quarterly Statement sent to New York.

Since a missionary sometimes receives shipments from places other than New York, it is important that all these freight items be passed through his personal account, and that the measurements of each shipment be recorded there in order that the Mission Treasurer may know when the limit of the Board's liability has been reached. In case a shipment has been made on the basis of weight not cubic measurement, the measurements should be made and recorded for reference. The New York computation of Board's allowance would, of course, be subject to correction in case of a previous shipment from some other port.

Disbursements for Outfits.

New missionaries, arriving on the field, will often have a balance of Outfit money due them (as noted in their Clearance Sheet). This the Field Treasurer will pay over to them, as called for, charging the amount to the General Treasurer, giving the *gold* equivalent of the Native Currency paid.

CHAPTER VIII

REPORTS

The General Treasurer in New York is expected to furnish complete reports to the Board and to the Church of the expenditure of all money appropriated by the Board. He can only do this by getting from Field Treasurers the necessary data.

Missionaries must make out their reports for Station Treasurers, and Station Treasurers for Mission Treasurers, who in turn must report to New York promptly and fully on all receipts and disbursements after the close of the period (quarterly or annual).

The object of all Reports on the expenditure of Mission funds is to furnish an answer to the question:

How much money has been expended on each *Class* for which the Board has made appropriations?

Accounts Closed Each Year.

Mission Accounting is simplified by the practice of liquidating all Accounts each year (except Class VIII). The appropriations and expenditures for one year stand by themselves and the new year will start with new appropriations.

Balances on the credit side of Appropriation Accounts, except Class VIII, revert to the Board at the end of the year. Any overdrafts on Appropriations must be reported to the Board, and these should be made the first charge against the Appropriations for the year.

Quarterly Reports—Mission Treasurer.

The Mission Treasurer is required to furnish Quarterly

Reports to the New York Office on blanks furnished for the purpose. The directions on these Blanks are so clear as to require few additional explanations. Note that the full *Monthly Statement Charges* are entered on the Dr. side (that is, they are "accepted" as debits by the Field Treasurer—see page 14 foregoing). If a missionary shall have left the field on furlough before a charge against him arrives, the Field Treasurer should accept it as a debit nevertheless; he should then *credit* the item in his Account and return it to New York on the Cr. side of the Quarterly Report in the place provided for it. The General Treasurer's Account should be debited with the item. "Accompanying Statements" should be filled out with full explanations and details which it is not possible to put into the Report Blank proper. These separate or "accompanying" statement blanks should be used in all cases where there appears the line "as per Statement No....". Such statements should all be *numbered* and thus referred to.

The Direction on the Blank:

"Remittances to Stations by Mission Treasurer"—calls for a *total only* in the Quarterly Report. *Details* must be submitted in the Annual Report.

Under Classes II and III:

Payments of *outfit money* must be reported separately for *each individual* involved (Class III only).

Payments of freight and travel items under appropriations must be reported separately for *each individual* involved.

Class VIII:

In the Quarterly Report, complete and detailed statements of disbursements are not expected to be made. However, an "Accompanying Statement" should be filled out with the *name* and number of the building, or property, for

which any disbursement has been made, with the amount disbursed.

Gold and Native Currency.

Wherever indicated on the Report Blanks, Field Treasurer will give items in *gold* as well as the equivalent in Native Currency.

EXCEPTIONS: The gold equivalents for Class VIII disbursements need not be given for those building or property items for which *Native Currency* has been appropriated by the Board.

Interim Notices.

Some entries which the Field Treasurer must make should be reported at once to the New York Office, and a special Blank is provided on which the Field Treasurer may indicate the debit or credit as the case may be. These items will for the most part have to do with charges and credits of individual missionaries, but *any* items may be so reported without being held over for the Quarterly Report. These notices are not intended for routine business and are not to be confused with clearance sheets which should be furnished to all missionaries leaving the field.

Quarterly Reports—Station Treasurer.

The Station Treasurer must report quarterly to the Mission Treasurer. Blanks are provided which are self-explanatory. By changing the descriptive words printed on the Blanks the Station Treasurer can use these same blanks for his *Annual Report* to the Mission Treasurer.

Mission Treasurer's Annual Report.

As indicated on the Blank for the *Annual Report*, the amounts to be given are the *totals* of the four *Quarterly Reports* previously submitted. The preparation of the last of these Quarterly Reports gives the Field Treasurer an

opportunity to correct any errors in the three former Reports of the year, so that there is no good reason for any differences existing between the totals in the Annual Report and the totals of the four Quarterly Reports combined. The fourth quarterly and annual reports should, therefore, be made at the same time.

The Mission Treasurer should begin the preparation of his Annual Report *before the fiscal year comes to a close*, in order that he may complete the work as soon thereafter as possible and may forward Report to New York. To this end he shall remind Station Treasurers to prepare the data which they must send in to him as early as possible (it may even be possible for Station Treasurers to send complete data *before* the close of the year). One Station Treasurer, by his delay, can retard the Annual Report of an entire Mission, causing inconvenience and incompleteness in the Reports of the Board made to the General Assembly.

Annual Report Blanks.

The printed directions on these blanks are clear and explicit and if followed carefully will be self-explanatory. There are four supplementary blanks which the Mission Treasurer is asked to fill out and send to New York in connection with his *Annual Report*. These are all self-explanatory and can be filled out from data on the books of the Mission Treasurer or from the Station Treasurer's Reports. They may be described as follows:

- (a) Salaries and Children's Allowance Blanks—By Stations.
- (b) Disbursements of Appropriations for Native Work Blank—By Stations and Classes.
- (c) Annual Report of Disbursements under Class VIII—Blank.
- (d) Mission Treasurer's Statement of Cash—Blank.

Additional Suggestions:

- (a) In Blank (a), noted above, place disbursements of *salary* for *all* missionaries (both Class I and Class III). The new missionaries (Class III) will be handled on the field exactly like Class I, except that the amounts disbursed will be charged back against General Treasurer in his Account, and he will charge the items against Class III Appropriation, which will have been reserved in New York.

The appointment of a new missionary and his arrival on the field carries with it the authority to the Field Treasurer to pay him regular salary from the date of his arrival.

- (b) In Blank (b), noted above, the "Appropriation" Column (Classes IV-X), must contain the amounts of original appropriation in Native Currency as *finally assigned* to a Station, after all additions, subtractions and transfers have been made. Spaces are indicated for appropriations *added during the year*.

The Disbursement columns must *not* include the payments made out of *Field Receipts* since these have not been appropriated.

CAUTION: Care should be exercised to make sure that the totals given in Blanks (a) and (b) agree exactly with *grand totals* as given on the Annual Report Blank. These detailed Station Statements *must*, taken all together, exactly equal the totals as given on the Annual Report Blank. Any differences here will cause long correspondence and great delay and inconvenience.

- (c) In Blank (c), noted above, each building (or property) undertaking must have a separate Blank filled out for it, according to the directions printed on the Blank. Here again the *totals* of *all*

these blanks must agree exactly with the total given in the Annual Report Blank of the Mission Treasurer as expended on Class VIII items. *Gold* amounts as well as *Native Currency* equivalents must be given for all Class VIII disbursements under *appropriations* if the appropriation was *made* prior to April 1, 1914. When a Class VIII appropriation has been made by the Board in *Native Currency*, the *gold* equivalent of the disbursement does *not* need to be reported, but an average rate of exchange used during the year should be noted on the blank for the purposes of record.

All unexpended balances of appropriations for Class VIII items, as claimed by the Mission Treasurer at the close of a fiscal year, must be itemized on a separate Blank by the Mission Treasurer and submitted with his Annual Report. This is very important, and if it is overlooked it will cause trouble to the Mission Treasurer himself, as well as to the New York Office.

- (d) Blank (d), noted above, is intended for *cash assets* and *credits* only. Bills of Exchange on hand should not be included here. They should be entered in the space provided on the *Annual Report* Blank only.

Missionaries' Children Blanks.

These should be filled out and forwarded to New York *during the year*, as occasion arises. If this is done, proper provisions for the expenditure can be made within that fiscal year. The Field Treasurer is authorized to begin paying child's allowance to parents from the date of birth of a child, though not covered by appropriation. The payments are to be *charged* in the *General Treasurer Account* and reported, together with regular payments of children's allowances, on the regular disbursement Blanks.

CHAPTER IX

MISCELLANEOUS

Audit.

Field Treasurers should insist on a thorough audit of their Accounts, annually, if not oftener. Discretion as to how the audit shall be conducted is left to the Mission.

Property Ledger.

Field Treasurers should keep in good form suitable records of each property on the field, showing date of acquisition, amount spent upon each, value and dimensions of lots or compounds with any other details which it would be desirable to have on record.

Title Deeds.

Title Deeds properly executed and registered should be obtained for every piece of property owned by the Board. These deeds are kept on the field, in the custody of the Mission Treasurer. They need not be duplicated for sending to New York.

Insurance on Buildings.

Mission and Station Treasurers should periodically take up with the Property Committee of the Mission the question of insuring the buildings belonging to the Board in the Mission. Time, or circumstances, may alter the conditions surrounding the question of insuring Mission buildings and the subject should be examined from time to time and reports and recommendations submitted to the Board.

Different Bookkeeping Methods.

Other methods than those outlined in the early part of this booklet could be successfully employed in Mission Accounting, but it is believed that those here outlined will prove the simplest of any that could be devised.

Local conditions might necessitate the modification or change in some of the Accounts, or their arrangement, but the Rules and principles will apply to any system. For instance, it might be advisable to open an Account called "General Treasurer Appropriation Account", in which should be charged all appropriations received both regular and special and at the close of the year all unspent balances of appropriations (except Class VIII), should be credited to this Account. When the books are closed for the year the balance in this Account (except Class VIII), should be transferred to the General Treasurer Account.

Value of Proper Accounting.

Not only is proper accounting absolutely necessary for the honorable discharge of the trust committed to the Board and its Missionaries, but it will surely redound to stronger and more effective work in evangelism, education and medicine as conducted on the field. Properly kept accounts are a defense against criticism and tend to save individuals from personal indebtedness, a burden which impairs personal efficiency and which may cloud a bright Christian experience.

General.

The Field Treasurer acts as the agent of the Mission in the departments of finance within his Mission, and with reference to Board actions and Manual Rules affecting his department, he is the representative also of the Board.

He is expected to co-operate with the Executive Committee of the Mission (or the Treasurer's Committee if

there be one) and they with him, and sound sense and judgment, coupled with good-will, will serve to make his position one of great usefulness.

The Field Treasurer will go as far as the limits of the Board actions and Manual Rules will permit in meeting unusual or unforeseen situations, and in case of doubt, communication may be had with the Executive Committee of the Mission, or with the Board in New York.

ABBREVIATIONS

@	At
A/C	Account
Approps.	Appropriations
B/E	Bill of Exchange
Bldg.	Building
C. of C.	Certificate of Credit
Cert. of Cred.	Certificate of Credit
Cr.	Creditor
Dr.	Debtor
Feb.	February
Gen.	General
Gov.	Government
J'nal	Journal
Memo.	Memorandum
N. Y. M. O.	New York Money Order
No.	Number
p.	Page
Res.	Residence
Treas.	Treasurer

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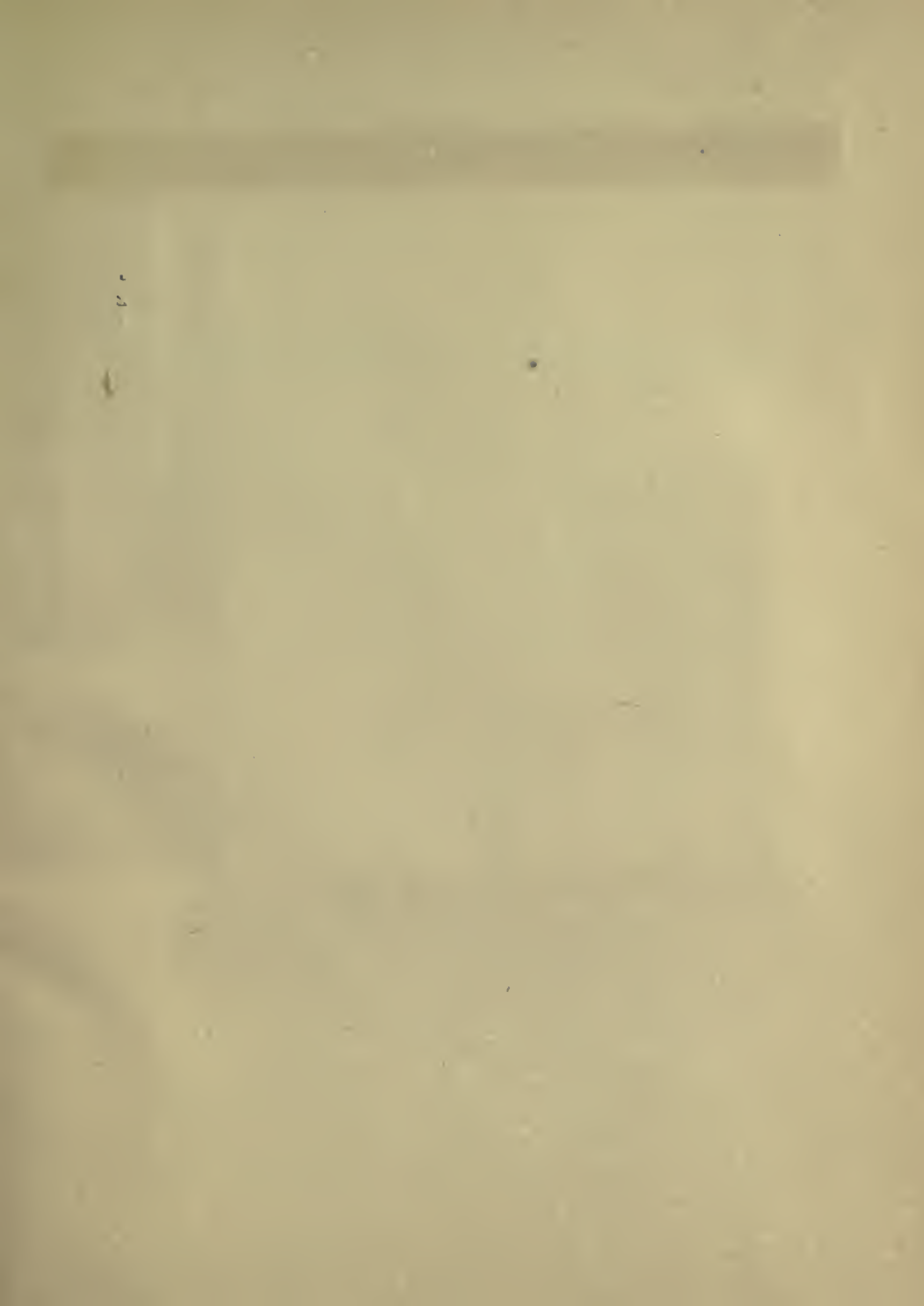
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